

Message Text

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46

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 OMB-01 TRSE-00 FRB-02

SEC-03 SS-15 NSC-10 L-03 H-03 CIAE-00 DODE-00 INR-10

NSAE-00 PA-03 RSC-01 USIA-15 PRS-01 RSR-01 /105 W

----- 075242

R 280912Z AUG 73 ZDK
FM AMEMBASSY WARSAW
TO SECSTATE WASHDC 5470
INFO AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA

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E.O. 11652: N/A

TAGS: PFOR, EFIN, ETRD, XH, US

SUBJECT: DEFAULTED DOLLAR BONDS

1. GEORGE D. WOODS, PRESIDENT OF THE FOREIGN BONDHOLDERS PROTECTIVE COUNCIL, INC., IN POLAND AS A GUEST OF POLISH MINISTRY OF FINANCE OFFICIALS, CALLED ON AMBASSADOR AUGUST 27 TO DISUCSS FBPC NEGOTIATIONS WITH POLAND AND OTHER EASTERN EUROPEAN COUNTRIES. WOODS SAID HIS VISIT WAS CHIEFLY SOCIAL IN NATURE. MR. AND MRS. WOODS LEAVE FOR BUCHAREST ON AUGUST 28.

2. WHILE IN POLAND, WOODS SAID, HE MET FOR AN HOUR WITH MINISTER OF FINANCE JEDRYCHOWSKI. DURING THIS MEETING, WOODS SAID HE OUTLINED TO THE MINISTER HIS ATTITUDE TOWARD THE DOLLAR BONDS. HE TOLD THE MINISTER HE DID NOT BELIEVE IN ATTEMPTNG TO OBTAIN A "POUND OF FLESH", AND FELT THAT THE FINAL SETTLEMENT SHOULD BE LOW ENOUGH TO DO LITTLE DAMAGE TO POLAND'S BALANCE OF PAYMENTS POSITION, BUT HIGH ENOUGH TO ENCOURAGE BONDHOLDERS TO TURN IN THEIR BONDS.

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HE HOPED THAT A FINAL SETTLEMENT WITH POLAND COULD BE REACHED IN 1974.

3. WOODS TOLD THE AMBASSADOR THAT THE ISSUE OF THE DANZIG BONDS HAD NOT BEEN RAISED, AND THAT HE DID NOT INTEND TO BRING IT UP.

4. WOODS NOTED THAT HE HOPED THE POLISH INTERIM, AND EVENTUAL FINAL, SETTLEMENT WOULD SERVE AS A MODEL FOR OTHER EASTERN EUROPEAN COUNTRIES NOW IN DEFAULT. HE SAID THAT ROMANIA, AS A MEMBER OF THE WORLD BANK, HAD REASON NOW TO BEGIN DISUCSSIONS TOWARD A SETTLEMENT. HE EXPECTS TO HAVE TALKS WITH ROMANIAN FINANCIAL OFFICIALS DURING HIS VISIT TO BUCHAREST.
DAVIES

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30 JUN 2005

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